

Millennium Challenge Albania MONITOR



USAID
NGA POPULLI AMERIKAN

BIMONTHLY NEWSLETTER
Issue #5 September – October 2007

The two-year \$13.85 million Millennium Challenge Albania Threshold Agreement between the Government of Albania (GoA) and Millennium Challenge Corporation (MCC, www.mcc.gov), administered by USAID assists the GoA reform and modernize tax administration, public procurement and business registration, through IT solutions and legislative enhancements.

LEGISLATIVE DEVELOPMENTS

Business community comments on the draft law on tax procedures

Throughout September and October, the Ministry of Finance engaged the business community in robust public discussions on a draft law that aims to modernize Albania's antiquated and corrupt-prone tax administration. The Ministry posted the draft law, prepared with assistance from the project, on its web site and provided email addresses for the public to send questions and suggestions. On September 17, Minister Bode held a press conference to launch the public consultation process. More than 180 representatives of Albania's taxpayers, lawyers and accountants participated in four roundtables and presented comments on the draft law. The Ministry, assisted by the project, is currently working on revising the first draft to address concerns raised by the business community and to ensure full compliance of the draft law with EU directives.

Legal framework for e-procurement completed

New e-procurement regulations, approved by the Council of Ministers in October, have paved the way to the implementation of the e-procurement system in tenders at the central and local government level. Once the regulations are published in the Official Gazette, the legal framework for conducting e-procurement in Albania will be complete. The regulations establish the conditions for an efficient and transparent procurement process.

INSTITUTIONAL CAPACITY BUILDING

Taxpayers and Registration Service Center opens its doors to businesses

A modern Taxpayers and Registration Service Center opened its doors on September 27 in the new offices of the General Department of Taxation in Tirana. The Center will serve large taxpayers in Tirana region and will set an example for such service to be extended to all taxpayers. This center uses a Customer Relations Management software system, encourages taxpayers to get information through the enhanced GDT web site and to use the e-filing system for VAT. The Taxpayers and Registration Service Center is a step toward eliminating unnecessary meetings between taxpayers and inspectors and improving collection efficiency. The opening of the Center and of the new GDT offices was celebrated at a dedication ceremony with the participation of the Prime Minister and USAID Mission Director.

One-stop, one-day business registration in Albania starts to operate

On September 3, the Albanian Prime Minister, US Ambassador and MCC Threshold Program Director cut the ribbon on the door of the National Registration Center (NRC), the one-stop-shop which allows new register businesses to become legally registered. The NRC also simultaneously registers these new businesses with the tax registration, social and health insurance and labor inspectorate.

Dear reader,

The Millennium Challenge Albania Threshold Agreement project is a threshold to be crossed, as well as a challenge to be faced in this new millennium. We are lucky that we are not alone in facing this challenge as we have the support of a very important partner. We are facing this challenge together with the government of the United States of America to which I would like to extend my gratitude and appreciation on behalf of the Government of Albania. I would also like to thank the United States Agency for International Development (USAID) for its cooperation and assistance in accomplishing this project.

At present, after one year of joint efforts, we can witness some of the results. We now have a new and successful image of the Public Procurement Agency. The new Law on Public Procurement, the cost-free downloading of tender documents from the internet and soon electronic procurement can only be considered as a great achievement.

The fragmentary and inefficient process of business registration, which in the past created opportunities for corrupt practices, has now been completely dismantled. The establishment of the National Registration Center (NRC) – known also as the one stop shop – and of its service windows at the municipal level, is another tangible result of this project. Whoever wishes to do business in Albania will have to invest only a few hours to register their business by using just one single service window.

With respect to tax reform, we are heading towards the electronic filing and payment of taxes. Meanwhile, the new draft-law on tax procedures, based international best practices, provides a new point of view for the taxpayers' rights and obligations, which is that of a true partnership with the businesses.

I am convinced that cooperation, responsibility, seriousness and commitment are the key to these joint partnership successes. I believe this cooperation will continue until the successful completion of the project.

Sincerely,
Gazmend Oketa
Deputy Prime Minister



Minister Bode listens to suggestions from business community on the draft tax procedures law.

New businesses can obtain their certificates of registration just one day after the applicant applies to the NRC (applications and instructions can be obtained from the NRC Web site). With the NRC in operation, the time and costs for registering a business in Albania have been dramatically reduced. In its first eight weeks of operation, NRC registered 1,667 new businesses and completed 796 changes in business registration data. By the end of October, NRC extended its services by opening business registration service windows in the municipalities of Elbasan, Tirana, Durrës, and Shkodra.

Office of the Public Procurement Advocate opened

The Public Procurement Advocate Office (PPAO) opened its doors in late October. The Public Procurement Advocate will play a key role in addressing concerns and complaints about the public procurement process in Albania. The project provided furniture and IT equipment for the Office and will continue to train and assist its new staff. Training topics will include the use of the new e-procurement system and new legislation on public procurement, as well as administrative investigation and the adjudication of procurement complaints.

E-GOVERNMENT

E-tax services expanded

In October, GDT, supported by the project, completed preparations for a greatly expanded large taxpayer e-filing offering following a successful testing with a small number of e-filings in September for the month of August. More than 70 large taxpayers attended a seminar on e-filing while nearly 400 large taxpayers were informed in writing about the e-filing option. A poster, brochure and print ad campaign served to target large VAT taxpayers that are clients of American Bank of Albania or Raiffeisen Bank, as these two banks offer e-banking service and can support the e-payment requirements.

E-procurement platform ready for first electronic procurement

Throughout September and October, 15 representatives of the Albanian business community and KESH procurement staff participated in further testing of the e-procurement system. The economic operators logged into the e-procurement portal (<http://ep.tirana.bz/ep/>) and submitted from their offices real-time tenders for bulk items, using their own internal equipment. Based on experience in other countries, e-procurement should increase market competition, reducing by 5% to 25% the prices paid by the government for goods and services it procures.

Progress towards Electronic Business Registration

The project is continuing to support the NRC in developing fully electronic business registration procedures. The "Apply-on-Line" function in the NRC web site will soon become operational, permitting businesses to complete registration applications via the Internet. After the new e-signature law is enacted, business registration will become fully electronic. Also, the project is supporting the NRC in scanning and indexing all previous court business registration records so that the Commercial Registry will be fully electronic by early 2008. These steps will bring Albania fully in line with EU standards for business registration.

For questions about the project and to subscribe to this newsletter, call or write to us at:

Millennium Challenge Albania Threshold Agreement

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PROJECT DURATION: September 2006-September 2008

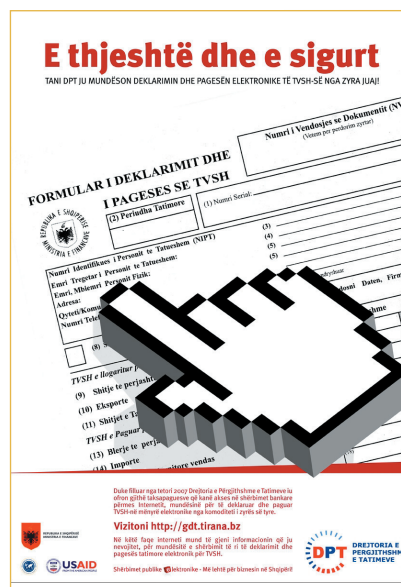


Prime Minister Berisha and Ambassador Withers greet businesses at the NRC Grand Opening event.

PUBLIC OUTREACH

Public information campaign reaches its goal

During September, the project supported the GoA to develop a public education campaign about the new NRC services. The campaign distributed 5,000 posters and brochures in all of Albania's major cities, posted banners at key public access points in Tirana, issued press releases, broadcasted a TV spot, and ran several print ads in major newspapers, as well as organized the NRC Grand Opening event. The campaign has been widely successful, as demonstrated by the large number of businesses that visited NRC since the first days of operation. The monitoring of the media showed that, in the month of September, there were 91 TV programs and 132 press articles that covered NRC and other project-supported issues.



Poster to inform large VAT taxpayers on e-filing

UPCOMING EVENTS

- During November NRC service windows will open in Fier, Korça, Gjirokastra, and one additional location in Northeast Albania.
- International experts will provide legal and procurement training to PP Advocate's Office staff in November.
- The project will provide training on Customer Care to NRC, GDT Taxpayers Registration and Service Center staff and PP Advocate's Office staff.

"This Center marks a milestone in both private and public sector development. It opens the door wider to a more business-friendly environment in Albania. It will set a standard for a broader public sector modernization that stands on the pillars of simplicity, transparency, information technology and customer service." quote from the speech of the U.S. Ambassador Withers at the Grand Opening ceremony for NRC.